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MEMORANDUM  
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FROM: Steven M. Olea  
Director  
Utilities Division

ARIZONA CORPORATION COMMISSION  
DOCKET CONTROL

DATE: January 15, 2010

RE: IN THE MATTER OF PROPOSED RULEMAKING REGARDING RESOURCE  
PLANNING (DOCKET NO. RE-00000A-09-0249)

Attached is the Economic, Small Business, and Consumer Impact Statement that addresses the economic impacts of the recommended changes to the Resource Planning rules, filed in compliance with Decision No. 71435.

SMO:BEK:lhmm

Originator: Barbara Keene

Arizona Corporation Commission

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Docket No. RE-00000A-09-0249

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B. Economic, Small Business and Consumer Impact Statement

1. Identification of the proposed rule making.

The proposed rule making amends Article 7, Resource Planning and Procurement, Rules R14-2-701 through R14-2-704 and adopts new sections R14-2-705 and R14-2-706 under Title 14, Chapter 2 - Corporation Commission, Fixed Utilities.

The purpose of Resource Planning is for load-serving entities to meet the electric needs of their customers by choosing the best mix of resources, with input from stakeholders in a transparent process, with consideration of reliability, deliverability, cost, environmental impacts, risk, other utilities' plans, and public policy. In its planning process and in meeting its load obligations, a load-serving entity shall consider all available options.

The Rules apply to load-serving entities, as defined in the Rules.

2. Persons who will be directly affected by, bear the costs of, or directly benefit from the proposed rule making.

- a. the public at large;
- b. consumers of electric service in Arizona;
- c. electric public service corporations;
- d. Arizona Corporation Commission;
- e. wholesale providers of electricity; and
- f. independent monitors.

3. Cost-benefit analysis.

- a. Probable costs and benefits to the implementing agency and other agencies directly affected by the implementation and enforcement of the proposed rule making.

Probable costs to the Commission of the proposed rule making would include costs associated with reviewing filings, and participating in meetings and hearings.

- b. Probable costs and benefits to a political subdivision of this state directly affected by the implementation and enforcement of the proposed rule making.

Arizona political subdivisions will be affected only insofar as they purchase electric services affected by the proposed rule making. Benefits include lower utility bills than without these rules because a fair and transparent procurement process will encourage the lowest prices for the acquisition of resources.

- c. Probable costs and benefits to businesses directly affected by the proposed rule making, including any anticipated effect on the revenues or payroll expenditures of employers who are subject to the proposed rule making.

Load-serving entities will be required to increase their analyses and reporting activities. Although the load-serving entities are now engaging in some of the required activities, they may incur additional costs of complying with the rules. These costs may be recovered through the load-serving entities' rates to customers.

4. Probable impact on private and public employment in businesses, agencies, and political subdivisions of this state directly affected by the proposed rule making.

The Commission and load-serving entities may need additional employees or contractors. No impact on employment in political subdivisions is expected.

5. Probable impact of the proposed rule making on small businesses.

a. Identification of the small businesses subject to the proposed rule making.

Small businesses will be affected only insofar as they purchase electric services affected by the proposed rule making. Benefits include lower utility bills than without these rules because a fair and transparent procurement process will encourage the lowest prices for the acquisition of resources.

Only public service corporations that provide electric generation service and operate or own, in whole or in part, a generating facility or facilities with capacity of at least 50 megawatts combined will be required to comply with the rules. These entities are unlikely to be small businesses.

b. Administrative and other costs required for compliance with the proposed rule making.

None.

c. A description of the methods that the agency may use to reduce the impact on small businesses.

Not applicable.

d. Probable cost and benefit to private persons and consumers who are directly affected by the proposed rule making.

The public at large will benefit from expanded resource planning that considers the total cost of electric energy services, reliability, and risk. A fair and transparent procurement process will encourage the lowest prices for the acquisition of resources.

6. Probable effect on state revenues.

No effect on state revenues by the proposed rule making is expected.

7. Less intrusive or less costly alternative methods of achieving the purpose of the proposed rule making.

The Commission is unaware of any alternative methods of achieving the purpose of the rule making that would be less intrusive or less costly.

8. If for any reason adequate data are not reasonably available to comply with the requirements of subsection B of this section, the agency shall explain the limitations of the data and the methods that were employed in the attempt to obtain the data and shall characterize the probable impacts in qualitative terms.

The data used to compile the information set forth in subsection B are reasonably adequate for these purposes.